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To the Partners of Ernst & Young LLP
and the AICPA Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Ernst & Young LLP (the Firm) applicable to non-SEC issuers in effect for the year ended June 30, 2007. The Firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the Firm's accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the Firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the Firm. Our responsibility is to express an opinion on the design of the system and the Firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the AICPA Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to non-SEC issuers of Ernst & Young LLP in effect for the year ended June 30, 2007, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the Firm with reasonable assurance of complying with applicable professional standards.

As is customary in a peer review, we are issuing a letter under this date that sets forth comments relating to certain policies and procedures or compliance with them. The matters described in that letter were not considered to be of sufficient significance to affect the opinion expressed in this report.

KPMG LLP

December 20, 2007



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a member of KPMG International, a Swiss association.



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We have reviewed the system of quality control for the accounting and auditing practice of Ernst & Young LLP (the Firm) applicable to non-SEC issuers in effect for the year ended June 30, 2007, and have issued our report thereon dated December 20, 2007. The matters described below were not considered to be of sufficient significance to affect the opinion expressed in that report, which should be read in conjunction with this letter.

Engagement Performance

Comment - The Firm has comprehensive policies that require audit documentation sufficient to enable an experienced auditor having no previous connection with an engagement to understand the nature, timing, extent, and results of the procedures performed, evidence obtained, and conclusions reached. In some instances, we believe more robust or comprehensive documentation was needed to support the conclusions reached by engagement teams in the following key areas:

- Use of Service Organizations – In some instances, the engagement team did not fully document its testing of user control considerations identified in the SAS No. 70 report.
- Fair Value and Using the Work of a Specialist – In some instances, there was insufficient documentation pertaining to the audit procedures performed over management data used to compute fair values and the engagement team's understanding and evaluation of the assumptions used by the specialist in its determination of fair value.
- Income Taxes – In some instances, there was insufficient documentation of audit procedures performed pertaining to the testing of deferred income tax balances and valuation allowances.
- Combined Risk Assessments – In some instances, there was insufficient documentation or inconsistencies in the documentation pertaining to changes the engagement team made in its preliminary combined risk assessment as a result of changes during the course of the audit.

We were able to satisfy ourselves through discussions with the engagement team or review of other supplemental documentation that the Firm is taking or has taken appropriate actions to remediate the deficiencies noted above.

Recommendation – We note that commencing with its 2007 audits, the Firm is deploying a new automated documentation tool that it believes will assist engagement teams in complying with firm policies and professional standards pertaining to documentation. We recommend that the Firm also emphasize the above documentation matters by reminding its executives of the importance of their involvement in supervising and reviewing audit engagements.



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Employee Benefit Plans

Comment – The Firm has comprehensive policies regarding the audits of employee benefit plans, which include guidance regarding the audit procedures to be performed to verify the existence and market values of investments held by such plans. In some instances, engagement teams placed reliance on service provider's control reports, principally in the areas of investments, to limit the extent of the additional substantive audit procedures to be performed with respect to investment values at the plan year end. However, we believe that in certain instances, the engagement team did not sufficiently document the substantive audit procedures performed over investment values of the plan assets at year-end to comply with professional standards. We were able to satisfy ourselves through discussions with the engagement team that the Firm is taking or has taken appropriate actions to remediate the deficiencies noted above.

Recommendation – The Firm should emphasize its policies regarding audit documentation of the substantive audit procedures performed over investment values at year end when placing reliance on service provider's control reports.

Comment – The Firm has comprehensive policies regarding the content of its documentation pertaining to each audit engagement. In some instances, audit procedures performed during the audit of the plan sponsor were also relied upon for the audit of the employee benefit plan, for example, audit procedures pertaining to payroll and investments, without sufficient documentation in the files for the audit of the employee benefit plan. We were able to satisfy ourselves through discussions with the engagement team and review of certain audit work papers at the plan sponsor level that sufficient audit procedures had been performed.

Recommendation – For employee benefit plan audits, the Firm should emphasize its policies regarding the required contents of its audit documentation for each audit when the Firm audits both the employee benefit plan and the plan sponsor.

KPMG LLP

December 20, 2007



Attachment to the Peer Review Report of Ernst & Young LLP

Description of the Peer Review Process

Overview

Firms enrolled in the AICPA Center for Public Company Audit Firms (the Center) have their system of quality control periodically reviewed by independent peers. These reviews are system and compliance oriented with the objective of evaluating whether:

The reviewed firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers has been designed to meet the requirements of the Quality Control Standards established by the AICPA.

The reviewed firm's quality control policies and procedures applicable to non-SEC issuers were being complied with to provide the firm with reasonable assurance of complying with professional standards.

A peer review is based on selective tests and directed at assessing whether the design of and compliance with the firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers provides the firm with reasonable, not absolute, assurance of complying with professional standards. Consequently a peer review on the firm's system of quality control is not intended to, and does not, provide assurance with respect to any individual engagement conducted by the firm or that none of the financial statements audited by the firm should be restated.

The Center's Peer Review Committee (PRC) establishes and maintains review standards. At regular meetings and through report evaluation task forces, the PRC considers each peer review, evaluates the reviewer's competence and performance, and examines every report, letter of comments, and accompanying response from the reviewed firm that states its corrective action plan before the peer review is finalized. The Center's staff plays a key role in overseeing the performance of peer reviews working closely with the peer review teams and the PRC.

Once the PRC accepts the peer review reports, letters of comments, and reviewed firms' responses, these documents are maintained in a file available to the public. In some situations, the public file also includes a signed undertaking by the firm agreeing to specific follow-up action requested by the PRC.

Firms that perform audits or play a substantial role in the audit of one or more SEC issuers, as defined by the Public Company Accounting Oversight Board (PCAOB) are required to be registered with and have their accounting and auditing practice applicable to SEC issuers inspected by the PCAOB. Therefore, we did not review the firm's accounting and auditing practice applicable to SEC issuers.



Planning the Review for the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers

To plan the review of Ernst & Young LLP, we obtained an understanding of (1) the nature and extent of the firm's accounting and auditing practice, and (2) the design of the firm's system of quality control sufficient to assess the inherent and control risks implicit in its practice. Inherent risks were assessed by obtaining an understanding of the firm's practice, such as the industries of its clients and other factors of complexity in serving those clients, and the organization of the firm's personnel into practice units. Control risks were assessed by obtaining an understanding of the design of the firm's system of quality control, including its audit methodology, and monitoring procedures. Assessing control risk is the process of evaluating the effectiveness of the reviewed firm's quality control system in preventing the performance of engagements that do not comply with professional standards.

Performing the Review for the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers

Based on our assessment of the combined level of inherent and control risks, we identified practice units and selected engagements within those units to test for compliance with the firm's system of quality control. The engagements selected for review included audits performed under the Government Auditing Standards, audits performed under FDICIA, multi-office audits, and audits of Employee Benefit Plans. The engagements selected for review represented a cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagement reviews included examining working paper files and reports and interviewing engagement personnel. We also reviewed the supervision and control of portions of engagements for non-SEC issuers performed outside the United States.

The scope of the peer review also included examining selected administrative and personnel files to determine compliance with the firm's policies and procedures for the elements of quality control pertaining to independence, integrity, and objectivity; personnel management; and acceptance and continuance of clients and engagements. Prior to concluding the review, we reassessed the adequacy of scope and conducted an exit conference with firm management to discuss our findings and recommendations.

December 20, 2007

AICPA Center for Public Company Audit Firms Peer Review Committee

Dear Committee Members:

We are pleased to provide our response to the letter of comments issued in connection with our peer review for the year ended June 30, 2007. This letter should be read in connection with that letter. We believe the peer review program assists us in identifying areas where we can continue to improve our performance and quality control systems and processes.

Our overriding objective is to make certain that all aspects of our auditing and quality control processes are of high quality. As a result, the firm is in the process of deploying a new global audit documentation platform designed to help drive a more consistent and appropriate execution and documentation of our Global Audit Methodology. We believe the new platform also has been designed to better enable the supervision and review of the work performed by our engagement teams. The platform has been pilot tested on a sample of calendar 2006 audits and is being deployed for initial use on calendar 2007 audits.

We have been emphasizing during 2007 and will continue to emphasize awareness regarding the matters noted in the letter of comments through internal communications and learning programs. Examples of these activities include:

- Accounting and Auditing Update sessions held in the Fall/Winter 2007, which generally include partners through seniors. These sessions covered current A&A matters including the results of all internal and external inspection activities.
- Audit Release issued in December 2007. This communication covered the areas identified through all inspection activities along with excerpts and summary comments from our firm guidance reinforcing each of the topics.
- Audit Quality Executive Events annually held in the Spring/Summer. These events are attended by partners through managers and focus in-depth on current auditing topics and the importance of their involvement in supervising and reviewing audit engagements.
- Employee Benefit Plan annual training program held in the Spring.

In addition to these actions, our 2008 internal inspection program will focus on the matters noted in the letter of comments.

Ernst & Young LLP